

IC 27-8-5.7

Chapter 5.7. Accident and Sickness Insurance; Provider Payment

IC 27-8-5.7-1

"Accident and sickness insurance policy" defined

Sec. 1. As used in this chapter, "accident and sickness insurance policy" has the meaning set forth in IC 27-8-5-1.

As added by P.L.162-2001, SEC.5.

IC 27-8-5.7-2

"Clean claim" defined

Sec. 2. As used in this chapter, "clean claim" means a claim submitted by a provider for payment under an accident and sickness insurance policy issued in Indiana that has no defect, impropriety, or particular circumstance requiring special treatment preventing payment.

As added by P.L.162-2001, SEC.5.

IC 27-8-5.7-3

"Insurer" defined

Sec. 3. As used in this chapter, "insurer" means an insurance company issued a certificate of authority in Indiana to issue accident and sickness insurance policies. The term includes:

- (1) a preferred provider plan (as defined in IC 27-8-11-1); and
- (2) an insurance administrator that:
 - (A) collects charges or premiums; and
 - (B) adjusts or settles claims;

in connection with coverage under an accident and sickness insurance policy.

As added by P.L.162-2001, SEC.5.

IC 27-8-5.7-4

"Provider" defined

Sec. 4. As used in this chapter, "provider" has the meaning set forth in IC 27-8-11-1.

As added by P.L.162-2001, SEC.5.

IC 27-8-5.7-5

Notice of deficiencies in claims

Sec. 5. (a) An insurer shall pay or deny each clean claim in accordance with section 6 of this chapter.

(b) An insurer shall notify a provider of any deficiencies in a submitted claim not more than:

- (1) thirty (30) days for a claim that is filed electronically; or
- (2) forty-five (45) days for a claim that is filed on paper;

and describe any remedy necessary to establish a clean claim.

(c) Failure of an insurer to notify a provider as required under subsection (b) establishes the submitted claim as a clean claim.

As added by P.L.162-2001, SEC.5. Amended by P.L.137-2002, SEC.2.

IC 27-8-5.7-6

Payment or denial of claims; interest

Sec. 6. (a) An insurer shall pay or deny each clean claim as follows:

- (1) If the claim is filed electronically, within thirty (30) days after the date the claim is received by the insurer.
- (2) If the claim is filed on paper, within forty-five (45) days after the date the claim is received by the insurer.

(b) If:

- (1) an insurer fails to pay or deny a clean claim in the time required under subsection (a); and
- (2) the insurer subsequently pays the claim;

the insurer shall pay the provider that submitted the claim interest on the accident and sickness insurance policy allowable amount of the claim paid under this section.

(c) Interest paid under subsection (b):

- (1) accrues beginning:
 - (A) thirty-one (31) days after the date the claim is filed under subsection (a)(1); or
 - (B) forty-six (46) days after the date the claim is filed under subsection (a)(2); and
- (2) stops accruing on the date the claim is paid.

(d) In paying interest under subsection (b), an insurer shall use the same interest rate as provided in IC 12-15-21-3(7)(A).

As added by P.L.162-2001, SEC.5.

IC 27-8-5.7-7

Permitted forms

Sec. 7. A provider shall submit only the following forms for payment by an insurer:

- (1) HCFA-1500.
- (2) HCFA-1450 (UB-92).
- (3) American Dental Association (ADA) claim form.

As added by P.L.162-2001, SEC.5.

IC 27-8-5.7-8

Civil penalties

Sec. 8. (a) If the commissioner finds that an insurer has failed during any calendar year to process and pay clean claims in compliance with this chapter, the commissioner may assess an aggregate civil penalty against the insurer according to the following schedule:

- (1) If the insurer has paid at least eighty-five percent (85%) but less than ninety-five percent (95%) of all clean claims received from all providers during the calendar year in compliance with this chapter, a civil penalty of up to ten thousand dollars (\$10,000).
- (2) If the insurer has paid at least sixty percent (60%) but less than eighty-five percent (85%) of all clean claims received from all providers during the calendar year in compliance with this

chapter, a civil penalty of at least ten thousand dollars (\$10,000) but not more than one hundred thousand dollars (\$100,000).

(3) If the insurer has paid less than sixty percent (60%) of all clean claims received from all providers during the calendar year in compliance with this chapter, a civil penalty of at least one hundred thousand dollars (\$100,000) but not more than two hundred thousand dollars (\$200,000).

(b) In determining the amount of a civil penalty under this section, the commissioner shall consider whether the insurer's failure to achieve the standards established by this chapter is due to circumstances beyond the insurer's control.

(c) An insurer may contest a civil penalty imposed under this section by requesting an administrative hearing under IC 4-21.5 not more than thirty (30) days after the insurer receives notice of the assessment of the fine.

(d) If the commissioner imposes a civil penalty under this section, the commissioner may not impose a penalty against the insurer under IC 27-4-1 for the same activity.

(e) Civil penalties collected under this section shall be deposited in the state general fund.

As added by P.L.162-2001, SEC.5.

IC 27-8-5.7-9

Waiver of paper claim requirements

Sec. 9. (a) Beginning on the effective date of the date referred to in Section 262 of the federal Health Insurance Portability and Accountability Act (42 U.S.C. 1320d-4), an insurer may request from the commissioner appointed under IC 27-1-1-2 a waiver from the requirements of this chapter that apply to claims filed on paper.

(b) The commissioner may grant a waiver under this section if, not more than six (6) months after the effective date described in subsection (a), the requesting insurer experiences an increase of the lesser of:

(1) ten thousand (10,000); or

(2) at least twenty percent (20%);

in the volume of claims filed on paper.

(c) A waiver granted under this section is effective for a set period determined by the commissioner.

(d) This section expires December 31, 2005.

As added by P.L.178-2003, SEC.61.